

March 15, 2005

TO: 2004 Incumbent Local Exchange Carrier (LEC)  
Annual Report Preparers File TELANRPT

FROM: Kevin H. Klingbeil, Audit Manager  
Telecommunications Division  
Public Service Commission of Wisconsin

SUBJECT: Filing of 2004 Public Service Commission of Wisconsin  
Annual Report for Incumbent LECs – **New Due Date of May 10, 2005**

The 2004 annual report software program for incumbent LECs has been completed and must be used for filing of the 2004 LEC annual report with the Public Service Commission of Wisconsin (Commission). **Due to the delay in the release of the 2004 program, the filing date for the 2004 LEC annual report has been extended to May 10, 2005.**

Download the 2004 annual report file(s) and associated installation instructions from the Commission's Web page at <http://psc.wi.gov>. They are accessible by clicking on the **2004 Annual Report Program for Incumbent Local Exchange Carriers (LECs)**. System requirements and a listing of entities required to file the 2004 LEC annual report are also available on the Web page.

Please note the following concerning the 2004 LEC annual report:

- 1) **All DOLLAR amounts should be reported to the nearest thousand dollars (in 000's). (Example: \$130,000 should be reported as \$130.)**
- 2) Read and follow the Installation Instructions on the Commission's Web page. (This will require uninstalling program version 8.00/8.01. Note, however, that there is no need to uninstall version 7.00 or prior versions of the program.)
- 3) The program's Schedule and Topic Help files are posted on the Commission's Web page.
- 4) Extensive revisions were required in the financial portion of the report due to the Commission's adoption, effective January 1, 2004, of revisions to the Uniform System of Accounts (USOA) for Class A and Class B Telephone Utilities. The biggest change affecting all LECs other than Wisconsin Bell, Inc. and Verizon North Inc.-Wisconsin is that accounts 1406 (Nonregulated Investments) and 7990 (Nonregulated Net Income) are now authorized for nonregulated activity accounting/reporting for the vast majority of LECs. Please note that the 2004 program also includes annual report requirements as modified by the Commission's order dated January 14, 2005, in docket 05-US-116. The format of several schedules (i.e., plant in service, accumulated depreciation, deferred taxes, expenses, and other income accounts) has been changed from last year in that version 9.00 builds up from the respective total company balance(s) and subtracts the nonregulated amount(s) to derive net regulated amounts.
- 5) The import of prior year data should function without error; however, due to the docket 05-US-116 system of accounts/reporting and other miscellaneous reporting modifications affecting the annual report, the user should uncheck the "Protect Prior Year Cells" option under View, Options and carefully review and edit Last Year/First of Year financial and statistical information in the report. It is

acceptable to footnote situations where Last Year and First of Year information has been modified to conform to the revised USOA.

- 6) Filing via e-mail using the 2004 program's capabilities is required unless additional provisional confidential treatment is desired. If filing via e-mail, no hardcopy printouts, CDs, Confidentiality Request forms, or notarized affidavits should be filed with the Commission. If additional confidential treatment is desired, please see the Commission's Web page for LEC annual report filing instructions using the Electronic Regulatory Filing (ERF) System.
- 7) On page 7, Identification and Ownership, percent ownership interest should be reported regardless of reporting entity type (e.g., corporation, limited liability company, partnership). You will be required to edit the imported number of shares held by an entity owning the reporting entity to reflect percent ownership interest.
- 8) In the Telecommunications Plant in Service schedule on page 22, please footnote the amortization rate for general purpose computer software and network software recorded in account 2690, Intangibles, per the Commission's December 20, 2002, order in docket 05-DT-105. Amounts associated with central office software should not be reported in account 2212; instead these amounts should be reported in account 2690.
- 9) Although the Commission-authorized USOA will not officially eliminate account 3420, Accumulated Amortization-Leasehold Improvements, until January 1, 2005, Class A LECs should report account 2682, Leasehold Improvements, net of account 3420 for 2004 report purposes.
- 10) For the Central Office Data – End of Year (page 55) schedule, please note the following:
  - a. The word "text" may initially appear for Record 1's Exchange and Central Office ID/Names at the top of the screen; if the user moves to the next record and comes back, the correct Exchange and Central Office ID/Names should appear.
  - b. Be careful in using the Tab/Shift-Tab keys to navigate within this schedule, as unpredictable movement may occur.
  - c. In the Digital Service Available category, a new line, Optical Carrier (OC)-3 – In Use, has been added. The number of actual OC-3s and equivalent OC-3s (i.e., OC-12s, OC-48s, OC-196s, and OC-768s expressed as equivalent number of OC-3s) should be reported in total for this line. (However, for the DS-1 and DS-3 In Use lines in this category, report only actual DS-1s and DS-3s, respectively.)
- 11) Four of the nonregulated schedules on page 45 are no longer required for 2004; the sole remaining schedule on this page is Nonregulated Activities. The two schedules formerly appearing on page 46 have also been eliminated. One new schedule (Communities Served with Basic Local Service) has been added on page 58; if you need to add a record that does not exist in the schedule dropdown, please send an e-mail to [Kevin.Klingbeil@psc.state.wi.us](mailto:Kevin.Klingbeil@psc.state.wi.us).
- 12) Version 9.00 interfaces with Microsoft Access 2000 (as it did last year). However, at some future date (perhaps for the 2005 program) a more current version of Access may be used due to support being unavailable from Microsoft.
- 13) In the future, the Commission will issue an "Information Regarding Confidential Filings" decision concerning the 2004 LEC annual report that will address items for which locks exist in the 2004 program. Note that the Nonregulated Activities schedule (page 45) now provides provisional confidentiality capability for all

nonregulated activities other than Customer Premises Equipment (CPE), Inside Wiring, and Payphones. (The schedule is prepopulated with these three public items; edit as necessary.)

The Telco Annual Report Helpdesk continues to be available to facilitate implementation of the program, address any questions, and receive any suggested improvements to the program. I am the primary Helpdesk contact person; my e-mail address is [Kevin.Klingbeil@psc.state.wi.us](mailto:Kevin.Klingbeil@psc.state.wi.us). (My phone number is (608) 267-9504.) When e-mailing (or calling) the Helpdesk for assistance, be prepared to provide the following information:

- 1) Type of annual report (i.e., LEC);
- 2) Name and employer;
- 3) Phone number;
- 4) Utility name and ID number; and
- 5) Nature of problem (installation, navigating within the program, prior year data, etc.).

If the program locks up, please reboot your computer, shut down all other software programs, and restart the annual report program prior to contacting the Helpdesk. Shutting down other software programs while the annual report software program is being used minimizes potential problems. Also, keep in mind that if you require administrative rights to install the program on your computer, you will also require administrative rights to export the annual report.

Please review the status of your affiliated activities and ensure that all applicable affiliated interest agreements are filed with the Commission. Please refer to the letter from Telecommunications Division Administrator Mr. Gary Evenson, dated February 27, 2004, re: Telecommunications Affiliated Contracts and Arrangements (File 496PROC). A copy of this letter may be found in the Help for page 15, Affiliated Interest Transactions. You may review a listing of affiliated interest agreements on file with the Commission at [http://psc.wi.gov/a\\_tele3/default.asp](http://psc.wi.gov/a_tele3/default.asp).

Commission staff does not intend to subsequently notify affected entities or annual report preparers of a maintenance release, if any, associated with this program or of the availability of subsequent years' annual report programs and/or maintenance releases. (Note that fixes, if any, for the program will be made available on the Commission's Web page.) Staff suggests that interested parties periodically check the Commission's Web page at <http://psc.wi.gov> to ensure that the correct program is being used and that the annual report is filed with the Commission within the filing date guidelines.

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